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JAPANESE BANKS IN THE UNITED STATES: AN OVERVIEW

Summary

The large and sophisticated U.S. financial market has provided significant growth opportunities for Japan's major banks over the past 15 years. Today, their 107 full-scale American banking offices hold over 6 percent of all domestic bank assets and just a slightly lower share of deposits. The climb to this position was certainly aided by the preferential treatment foreign banks received until the late 1970s. A handful of acquisitions has also helped, but the main source of growth has been internal expansion geared to the banking needs of Japanese corporate clients in the United States. Increasingly stiff competition for this business is forcing Japanese banks to try and broaden their customer base to include more American corporations -- a job made more difficult by the current turmoil in the U.S. banking industry.

Growth of Foreign Banking

In an almost exact replay of the movement of U.S. banks abroad in the 1960s, overseas banks rapidly expanded their operations in the United States during the 1970s. In December 1972, the 110 foreign banking offices in this country had assets of $26.9 billion, equal to only 3.6 percent of total American banking assets. By the end of the decade, foreign investors were operating out of 333 U.S. offices and accounted for 13.7 percent of the U.S. banking industry's assets or $202.5 billion.

Japanese banks were in the forefront of this advance, doubling their U.S. network over the seven-year span to 66 agencies, branches and subsidiaries, but they, like Canadian banks, still lost ground to European banking organizations. Partly because of several major acquisitions, British and other European banks controlled nearly half of the assets of foreign banks in the United States at year-end 1979 compared with roughly a fourth in December 1972, while banks headquartered in Japan, which had held about half of all foreign banking assets, ended the 1970s with just over a third.

Whether European, Japanese or Canadian, foreign banks had common motives for expanding their U.S. presence during the 1970s. At the top of the list was the desire to maintain and strengthen business relationships developed at home when corporate clients moved into the American market, initially as exporters requiring trade financing and later as investors needing not only funding but also help in getting established. Foreign banks also quickly realized that a dollar funding base in the United States was necessary if they were to compete successfully as international lenders in a world dominated by dollar transactions. They recognized as well that domestic money markets provided unrivaled possibilities for generating funds and that the American economy offered enormous investment opportunities. Moreover, the regulatory climate in the United States helped attract foreign banks. Until the passage of the International Banking Act (IBA) of 1978, regulation and supervision of U.S. agencies and branches of offshore banks was in the hands of the states. These offices were not subject to Federal Reserve Board reserve requirements, deposit interest rate ceilings or the ban on multistate operations.

The push or pull of these factors had brought 23 Japanese banks to the United States by the close of the 1970s, with another scheduled to arrive in 1981. All 13 city (nationwide) commercial banks were represented. Seven, in fact, had arrived in the 1950s, led by the Bank of Tokyo, Ltd., Mitsubishi Bank, Ltd. and Sumitomo Bank, Ltd. in 1952 and followed in quick order by Sanwa Bank, Ltd., Fuji Bank, Ltd., Mitsui Bank, Ltd. and Taiyo Kobe Bank, Ltd. Tokai Bank, Ltd. opened an office in the mid-1960s and was joined in the early 1970s by Japan's five other city banks -- Hokkaido Takushoku Bank, Ltd., Dai-Ichi Kangyo Bank, Ltd., Daiwa Bank, Ltd., Kyowa Bank, Ltd. and Saitama Bank, Ltd. Six of the seven Japanese trust banks moved into the U.S. market with the second wave of city banks; so did all three long-term credit banks. The last Japanese banks to establish an American presence were the country's two largest regional commercial banks -- the Bank of Yokohama, Ltd. (1979) and Hokuriku Bank, Ltd. (1981).

Since Japanese banks initially came to the United States to service the trade financing requirements of their domestic clientele, it is not surprising that virtually every one of them opened its first American office in New York City. The country's top international finance center, New York City also housed the U.S. headquarters of Japan's trading companies, steel makers, consumer electronics firms, textile producers and a cross section of other major exporters. In rapid succession or even simultaneously, though, Japanese banks established a base in California, the main entry and exit points for bilateral trade and home for a long list of U.S. sales subsidiaries of Japanese

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corporations, including the automotive makers. The state, moreover, attracted many of the manufacturing plants set up by Japanese companies during the 1970s.

State banking laws as well as market considerations had a hand in determining the location of the U.S. offices of Japanese banks. Both New York and California allowed foreign banking operations under conditions described below, but until October 1973, Illinois, a potentially attractive site for Japanese banks interested in tapping the Midwest market, only permitted foreign banks to establish subsidiaries, which are more less capital- and staff-intensive than branches and agencies. (Agencies can arrange loans, but they are not allowed to accept domestic deposits other than credit balances incidental to their customers' banking transactions. Branches generally offer the services of commercial banks, but they usually operate only in the wholesale banking and money markets. Subsidiaries in this context are commercial banks.) Texas had an equally restrictive law on its books, effectively denying Japanese banks entry to the Sunbelt and its fast-multiplying trade and investment ties with Japan. The Southeast, another region of rapidly growing commercial and manufacturing importance to Japanese companies, was also basically off-limits to the banks since states, at most, permitted the opening of agencies.

Like other foreign banks allowed to operate in New York under the state's banking reciprocity law, Japanese banks had to choose between a branch and an agency. Twenty of the 24 Japanese banking organizations represented in New York City opted for a branch, reflecting their interest in conducting a wholesale lending business funded in part through domestic money markets. The New York City offices of the four other Japanese banks -- the Bank of Tokyo, Fuji Bank, the Industrial Bank of Japan, Ltd. and Chuo Trust & Banking Co., Ltd. -- were licensed by the state as agencies, but they are now considered branches by the Federal Reserve.

The 21 Japanese banks moving into California did not enjoy the same organizational freedom they did in New York. While California law allowed foreign banks to set up branch offices, it also specified that branches must have federal deposit insurance. Since the Federal Deposit Insurance Corp. (FDIC) was not authorized to insure foreign bank branches until the enactment of the 1978 International Banking Act, Japanese banks had no choice except to open agencies.

Without deposit-taking offices, however, Japanese banks in California were hamstrung in their ability to pursue wholesale lending opportunities. To gain the necessary deposit base, the Bank of Tokyo and Sumitomo Bank established wholesale-oriented commercial bank subsidiaries in San Francisco in 1953. Mitsubishi Bank, Sanwa Bank, Mitsui Bank, Tokai Bank and Kyowa Bank all followed suit in the 1970s. By then, these banks as well as the two Japanese pioneers in California had enough confidence in their long-run financial prospects and their knowledge of the market to go after a slice of the state's vast retail trade in addition to its expanding wholesale business.

Corporate confidence in the ability of Japanese commercial banks to compete successfully in the retail market did not extend to New York. Bank executives quickly concluded that trying to win retail customers on the home ground of many of this country's biggest banks was a prescription for continuing losses. The Bank of Tokyo, Fuji Bank, the Industrial Bank of Japan and Daiwa Bank did set up full-service commercial banks in the heart of Manhattan, but their strength has always been wholesale banking.

A More Equal Footing

The seemingly nonstop expansion of foreign banking operations in the United States during the 1970s generated corresponding pressure for legislation curbing the competitive advantages that accrued to foreign banks. The final product of this campaign was the 1978 International Banking Act, which was designed to provide a framework for federal regulation of foreign banking activities as well as more equitable treatment of foreign and domestic banks. To this end, the IBA incorporated the concept of national treatment: to the extent possible, foreign banks would be subject to the same restrictions and eligible for the same privileges as American banks.

As for restrictions, Congress prohibited foreign banks from establishing or acquiring commercial banks outside their "home state," bringing them in regulatory line with domestic banks, which are effectively prevented from operating full-service banking facilities in more than one state. The IBA also specified that only branches in the home state can accept deposits on an unrestricted basis. Offshore banks can still open branches and agencies in locations beyond their home state, but out-of-state branches are limited to accepting the same types of deposits as American banks with Edge Act corporation offices -- generally, foreign currency deposits and deposits related to international banking and financial activities. In perhaps its most controversial move, Congress paired restrictions on the future interstate operations of foreign banks with a waiver for existing offices. Left in place, therefore, was the very multistate banking network that had given overseas banks a competitive edge in the U.S. marketplace.

Of far greater competitive consequence to foreign banks was Congress' decision to extend reserve requirements to their branches and agencies. While Federal Reserve member banks, including the U.S. subsidiaries of foreign banks, must maintain a significant portion of their deposits in interest-free accounts, foreign-controlled branches and agencies, until the advent of the IBA, were under no such obligation, giving them a lower cost of funds. The IBA's requirement that foreign bank branches engaged in retail banking obtain FDIC deposit insurance eliminated another cost-of-funds advantage. As partial offsets to these changes, however, branches and agencies of foreign banks gained access to the discount window and payment services provided by the Federal Reserve system. Banks from abroad also indirectly won the right to open branches in California because they were now eligible for insurance protection.

Another restrictive equal-treatment provision of the IBA prevented foreign banks from pursuing additional U.S. nonbanking activities of the type prohibited to domestic banks, such as investment banking or buying into a company whose business is unrelated to banking. On the privileges side, though, the new legislation allowed foreign banks to establish federally licensed and supervised branches or agencies in states where they are not already operating, provided this activitiy is not prohibited at the state level. It also permitted foreign banks to establish Edge Act corporations, which enable banks to conduct international business outside their home state.

While industry analysts and U.S. regulatory authorities agree that the IBA placed foreign banks on a more equal competitive footing with American banks, at least two areas of perceived preferential treatment were left

untouched by the legislation. One involves the low capital ratios of many big foreign banks operating in the United States. The other centers on the relatively free hand foreign banks have to take over American banks.

It is a fact of life in the banking business that banks with low capital ratios have a significant competitive advantage over banks with higher capitalizations; they can generally charge lower loan rates and still achieve the same rates of return as their less highly leveraged counterparts. Critics have long complained that many foreign banks, including Japanese institutions, use their low capital ratios to "buy" corporate loan business in the United States through price cutting. American money-center banks, it is added, can hold their own with these foreign competitors because they too are rather highly leveraged. Regional and retail banks, however, are at a disadvantage since they normally have much higher capital ratios.

U.S. bank supervisors, while acknowledging the growth implications of different capital ratios, have generally discounted the importance of this competition issue. It is often argued that the lower capital ratios of Japanese and European banks are, in a real sense, a reflection of the lower risks these banks face. In addition, differences in accounting methods, regulatory requirements and other factors make it difficult to compare the capital positions of foreign and domestic banks. For these reasons, federal authorities have not tried to extend the capital requirements applicable to domestic banking organizations, including the U.S. subsidiaries of foreign banks, to overseas banks, although they do take capital positions into account when reviewing applications for takeovers. Neither have they been inclined to force branches of foreign banks to maintain assets at some percentage above liabilities as a proxy for capital requirements -- a proposal periodically floated in the U.S. banking community.

That foreign banks have opportunities to purchase medium-to-big American banks not available to other domestic institutions is also no cause for alarm, federal regulators have maintained. This inequity is a partial result of U.S. banking laws, which prohibit acquisitions across state lines by domestic banks and bank holding companies as well as by foreign banks that already have U.S. banking subsidiaries. Antitrust considerations also make it difficult for a large bank to buy another bank of significant size in the same state, even if that bank is failing. To the extent that U.S. banking agencies have proposed a change in this situation, it has been in the direction of allowing domestic banks to take over out-of-state problem banks, rather than placing curbs on foreign bank acquisitions.

Interest in foreign takeovers has flared repeatedly over the past ten years, not just because overseas banks can make acquisitions that are off-limits to their domestic counterparts but out of concern that the change in ownership nationality will lead to supervisory problems and a different loan orientation. Interest turned to worry in some quarters in 1979 when the Federal Reserve approved three significant transactions: the acquisition of Union Bank of Los Angeles, now the 38th largest U.S. bank, by England's Standard Chartered Bank Ltd.; Hongkong and Shanghai Banking Corp.'s purchase of a majority interest in Buffalo, New York-headquartered Marine Midland Banks Inc., the fifteenth biggest bank; and the takeover of the National Bank of North America, Jamaica, New York, by National Westminster Bank Ltd. of London. Questions about U.S. bank acquisition policies were again raised in the

Congress and elsewhere when another London bank, Midland Bank Ltd., won approval in 1981 to buy a controlling share of San Francisco's Crocker National Corp., this country's fourteenth largest bank.

These transactions and a long list of less-publicized acquisitions highlight the fact that many large foreign banks previously unrepresented in the United States have found takeovers a relatively low-cost way to gain an immediate presence in attractive American banking markets. The acquisition route has also proved to be an efficient method of intrastate expansion for foreign banks that already own U.S. subsidiaries -- particularly Japanese banks in California, where six of the eight Japanese-owned banking organizations have grown through merger as well as internal expansion. (The exceptions are the Kyowa Bank of California and the Dai-Ichi Bank of California, which was the Japan California Bank until December 1981 when Dai-Ichi Kangyo, a 4.5 percent shareholder, bought out 36 local investors.)

The Bank of Tokyo's California First Bank, currently the 79th largest bank in the country and the seventh in California, is an outgrowth of the 1975 acquisition of medium-ranked Southern California First National Bank of San Diego, as well as the 1983 purchase of 18 branches from the Bank of California. The Sumitomo Bank of California has moved up to number 136 on the rolls of big U.S. banks and to number ten in the state through a similar strategy; in 1977 it bought 19 Bank of California branches and four years later acquired Pacific City Bank, a small Huntington Beach bank. Mitsui Bank of California also became a major player in 1981 when it took over the much larger Manufacturers Bank in Los Angeles and became Mitsui Manufacturers Bank.

Another important California bank is Golden State Sanwa Bank, the product of Golden State Bank's 1978 merger into Sanwa Bank of California and the later (1981) purchase of First City Bank in Rosemead. Two acquisitions of small banks -- Hacienda Bank of La Habra in 1976 and First National Bank of San Diego County in 1981 -- also boosted the operations of Mitsubishi Bank of California. Tokai Bank of California similarly expanded its banking network through the 1975 purchase of Los Angeles-based Centinela Bank and the 1981 takeover of Continental Bank, headquartered in Alhambra.

Despite these nine mergers, Japanese banks until recently have escaped the harsh criticism that has accompanied many foreign bank takeovers in the United States. All of the acquisitions involved small or lower-ranking medium-sized banks, which helped to contain negative reactions. Moreover, the takeovers were said to be friendly, in large part, it appears, because Japanese banks almost uniformly paid several times book value for their acquisitions.

The twin issues of low capital ratios and major acquisitions coalesced for Japanese banks earlier this year when the Federal Reserve narrowly cleared Mitsubishi Bank's $282 million takeover of BanCal Tri-State Corp., the holding company for the Bank of California. In approving the transaction, the three-member majority noted that the Japanese bank has a capital position "well below the board's capital guidelines for U.S. multinational bank holding companies." They added that while the board believes foreign banks seeking acquisitions in the United States should meet the same general standards of soundness required of domestic banks, Mitsubishi Bank's application was strengthened by its low loan losses, significant deposit base and strong liquidity position. In addition, it was pointed out, the bank is committed to

increasing the capital position of the Bank of California, the number-eight bank in the state and 85th nationwide. The two dissenting governors argued, however, that highly leveraged foreign banks may have an unfair advantage over comparable domestic institutions in acquiring American banks. A U.S. bank with a financial position similar to Mitsubishi Bank's would not be allowed to acquire BanCal, they maintained.

Evolving Strategy of Japanese Banks

At midyear 1983, the U.S. offices of Japanese banks accounted for 5.9 percent of aggregate domestic banking assets or $118.2 billion, compared with 4.8 percent just two years earlier. Five-sixths of this total was held by the banks' 32 branches and 28 agencies. These offices, located primarily in New York City and Los Angeles, remained the major asset generators even as the 15 Japanese-owned commercial banks and Edge Act corporations expanded their business through the early 1980s. Of the assets held by these subsidiaries, most were in the hands of the Bank of Tokyo Trust Co., which is the 78th biggest U.S. bank with assets of $4.5 billion, California First Bank ($4.2 billion) and Sumitomo Bank of California ($2.3 billion).

Given their wholesale lending orientation, it is no surprise that branches and agencies also accounted for the dominant share of the $29.3 billion in business loans on the books of the U.S. offices of Japanese banks in June 1983. What is perhaps unexpected is that outstanding commercial and industrial loans grew at a relatively slow pace in the early 1980s, leaving Japanese banks with just a slightly bigger share of total domestic business loans in mid-1983 -- 7.4 percent -- than two years before (7 percent). One possible explanation for the slowdown is that Japanese banks are booking fewer of their American loans in the United States. In the past, Japanese banks have differed from their European and Canadian competitors in booking most loans to U.S.-based borrowers domestically rather than at "shell" branches in the Caribbean or at home, but this practice might be changing.

An equally plausible explanation is that Japanese banks, generally known for their conservative loan portfolios, did not get caught up in the lending frenzy to U.S. energy companies, real estate firms and agricultural producers -- all big borrowers in recent years and now the source of problem loans for a growing list of major American banks. Moreover, they apparently started to rein in credit growth in some potentially troublesome areas of the economy and dump loans made in others before their American counterparts. It appears in short that Japanese banking offices did not stray far from their traditional portfolios, which are weighted toward the U.S. sales and manufacturing subsidiaries of Japanese corporations. Although the mix obviously varies from bank to bank, perhaps half of the commercial and industrial loans booked here by Japanese banks go to these customers. Loans to companies outside the United States, particularly in Latin America, make up a big part of the other half, with loans to American manufacturers constituting the smallest slice of the representative portfolio.

While this typical portfolio has insulated Japanese banks operating in the United States from the serious financial difficulties experienced by big-name U.S. banks, it has meant slim earnings at a time when parent organizations are looking to the American market for income growth to offset profit erosion at home caused by reduced corporate borrowing. The loan demand

generated by the American affiliates of Japanese companies is obviously enormous, but so is the competition, which includes not only the 24 Japanese banks represented here but also an increasing number of U.S. institutions. Expanded retail banking operations in California have apparently done little to bolster Japanese bank profits in this country, again because of stiff competition for the target clientele: Japanese corporations. One bank after another has therefore concluded that diversification -- both of customers and services -- represents the only avenue of income growth open to them.

Portfolio expansion in the area of loans to big American corporations, particularly Fortune 500 manufacturers, is the first priority. In soliciting this business, Japanese banks generally make no pretense of being able to offer unique financial products and services or below-market loan rates. What they can provide is expertise on Japanese market strategies. By parlaying this unrivaled strength, the banks hope to develop relationships that will eventually lead to their inclusion in the core group of lenders to top American corporate customers.

Japanese banks are also trying to develop a clientele among domestic manufacturers with sales between $5 million and $200 million. The Bank of California's strong position in middle-market corporate banking was its main attraction for Mitsubishi Bank. Gaining access to medium-sized companies was also behind Fuji Bank's $425 million purchase early this year of Walter E. Heller International Corp.'s two commercial finance units. These subsidiaries gave the bank about 10,000 new customers and a network of 68 branches in the United States and 30 overseas.

The U.S. offices of Japanese banks are also contacting regional banks to explore the possibility of participating in syndicated loans to local customers. Moreover, they are beefing up existing services, particularly corporate trust activities and merger and acquisition assistance. Diversification into new business areas like equipment leasing and venture capital are on the agenda as well.

Whether these moves will produce the profit increases Japanese banks are seeking in the United States is uncertain at this transistional time for the domestic banking industry. Competition for prime corporate business at whatever level has always been fierce, and it is becoming more so as financial deregulation proceeds. Japanese banks, however, are in the American market for the long haul. They are prepared to adapt to changing conditions, and they are willing to wait for the dust from deregulation to settle.

For further information, contact Susan MacKnight.

The views expressed in this report are those of the author and do not necessarily represent those of the Japan Economic Institute.

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Table 1: U.S. Offices of Japanese Banks

Parent	Location	Type of Office	Year Operational	Notes
Bank of Tokyo, Ltd.				
	San Francisco, CA*	Commercial bank: California First Bank	1953	131 domestic branches; 4 branches overseas
	New York, NY	Commercial bank: Bank of Tokyo Trust Co.	1955	4 domestic branches; 2 branches overseas
	Chicago, IL	Commercial bank: Chicago-Tokyo Bank**	1964	
	Coral Gables, FL	Edge Act corporation: Bank of Tokyo International, U.S.A.	1982	
	Houston, TX	Edge Act corporation: Tokyo Bancorp International (Houston) Inc.	1976	
	Portland, OR	Branch	1965	
	Seattle, WA	Branch	1961	
	Los Angeles, CA	Agency	1960	
	San Francisco, CA	Agency	1959	
	Coral Gables, FL	Agency	1979	
	Honolulu, HI	Agency	1978	
	New York, NY	Agency***	1952	
	Washington, DC	Representative	1971	
	Atlanta, GA	Representative	1977	
	Chicago, IL	Representative	1961	
	Houston, TX	Representative	1961	
Bank of Yokohama, Ltd.				
	New York, NY*	Branch	1979	
	Los Angeles, CA	Representative	1982	
Chuo Trust & Banking Co., Ltd.				
	New York, NY*	Agency***	1977	
Dai-Ichi Kangyo Bank, Ltd.				
	Los Angeles, CA*	Commercial bank: Dai-Ichi Kangyo Bank of California	1981	4 domestic branches
	Chicago, IL	Branch	1971	
	New York, NY	Branch	1971	
	Los Angeles, CA	Agency	1971	
	San Francisco, CA	Representative	1983	
	Houston, TX	Representative	1976	

Parent	Location	Type of Office	Year Operational	Notes
Daiwa Bank, Ltd.	New York, NY*	Commercial bank: Daiwa Bank Trust Co.	1977	1 domestic branch
	New York, NY	Branch	1972	
	Los Angeles, CA	Agency	1972	
	Houston, TX	Representative	1977	
Fuji Bank, Ltd.	New York, NY*	Commercial bank: Fuji Bank & Trust Co.	1974	2 domestic branches
	San Francisco, CA	Edge Act corporation: Fuji Bank International, Inc.	1983	
	Chicago, IL	Branch	1977	
	Los Angeles, CA	Agency	1972	
	New York, NY	Agency***	1956	
	San Francisco, CA	Representative	1982	
	Miami, FL	Representative	1984	
	Atlanta, GA	Representative	1983	
	Houston, TX	Representative	1977	
	Seattle, WA	Representative	1978	
Hokkaido Takushoku Bank, Ltd.	New York, NY	Branch	1970	
	Seattle, WA	Branch	1977	
	Los Angeles, CA*	Agency	1974	
	Chicago, IL	Representative	1976	
	Houston, TX	Representative	1977	
Hokuriku Bank, Ltd.	New York, NY	Branch	1981	
Industrial Bank of Japan, Ltd.	New York, NY*	Commerical bank: Industrial Bank of Japan Trust Co.	1974	1 domestic branch; 1 branch overseas
	Los Angeles, CA	Agency	1974	
	New York, NY	Agency***	1966	
	San Francisco, CA	Representative	1983	
	Washington, DC	Representative	1983	
	Atlanta, GA	Representative	1983	
	Chicago, IL	Representative	1983	
	Houston, TX	Representative	1974	

Parent	Location	Type of Office	Year Operational	Notes
Kyowa Bank, Ltd.				
	Los Angeles, CA*	Commercial bank: Kyowa Bank of California	1978	1 domestic branch
	New York, NY	Branch	1973	
	Los Angeles, CA	Agency	1974	
	San Francisco, CA	Representative	1983	
	Chicago, IL	Representative	1977	
Long-Term Credit Bank of Japan, Ltd.				
	New York, NY*	Branch	1974	
	Los Angeles, CA	Agency	1977	
Mitsubishi Bank, Ltd.				
	Los Angeles, CA*	Commercial bank: Mitsubishi Bank of California	1972	24 domestic branches; 1 domestic loan production office
	San Franciso, CA	Commercial bank: Bank of California	1984	20 domestic branches; 3 branches and 7 other offices overseas
	Chicago, IL	Branch	1977	
	New York, NY	Branch	1952	
	Los Angeles, CA	Agency	1962	
	Houston, TX	Representative	1978	
Mitsubishi Trust & Banking Corp.				
	New York, NY*	Branch	1974	
	Los Angeles, CA	Agency	1975	
Mitsui Bank, Ltd.				
	Los Angeles, CA*	Commercial bank: Mitsui Manufacturers Bank	1974	11 domestic branches
	Honolulu, HI	Commercial bank: CB Bancshares Inc.**	n.a.	
	New York, NY	Branch	1956	
	Seattle, WA	Branch	1977	
	Los Angeles, CA	Agency	1971	
	Chicago, IL	Representative	1976	
	Houston, TX	Representative	1977	

Parent	Location	Type of Office	Year Operational	Notes
Mitsui Trust & Banking Co., Ltd.				
	New York, NY*	Branch	1974	
	Los Angeles, CA	Agency	1983	
Nippon Credit Bank, Ltd.				
	New York, NY*	Branch	1977	
	Los Angeles, CA	Agency	1979	
Saitama Bank, Ltd.				
	New York, NY	Branch	1974	
	Los Angeles, CA	Agency	1974	
	Chicago, IL	Representative	1978	
Sanwa Bank, Ltd.				
	San Francisco, CA*	Commercial bank: Golden State Sanwa Bank	1972	31 domestic branches
	Honolulu, HI	Commercial bank: Liberty Bank**	n.a.	
	Chicago, IL	Branch	1974	
	New York, NY	Branch	1956	
	San Francisco, CA	Agency	1953	
	Houston, TX	Representative	1977	
Sumitomo Bank, Ltd.				
	San Francisco, CA*	Commercial bank: Sumitomo Bank of California	1953	46 domestic branches; 1 branch overseas
	Honolulu, HI	Commercial bank: Central Pacific Bank**	n.a.	
	Chicago, IL	Branch	1975	
	New York, NY	Branch	1952	
	Seattle, WA	Branch	1977	
	San Francisco, CA	Agency	1972	
	Atlanta, GA	Representative	1984	
	Houston, TX	Representative	1977	
Sumitomo Trust & Banking Co., Ltd.				
	New York, NY*	Branch	1971	
	Los Angeles, CA	Agency	1980	

Parent	Location	Type of Office	Year Operational	Notes
Taiyo Kobe Bank, Ltd.				
	New York, NY*	Branch	1958	
	Seattle, WA	Branch	1974	
	Los Angeles, CA	Agency	1970	
	Chicago, IL	Representative	1976	
	Houston, TX	Representative	1965	
Tokai Bank, Ltd.				
	Los Angeles, CA*	Commercial Bank: Tokai Bank of California	1974	14 domestic branches
	Chicago, IL	Branch	1980	
	New York, NY	Branch	1965	
	Los Angeles, CA	Agency	1972	
	Houston, TX	Representative	1980	
Toyo Trust & Banking Co., Ltd.				
	New York, NY*	Branch	1976	
	Los Angeles, CA	Agency	1980	
Yasuda Trust & Banking Co., Ltd.				
	New York, NY*	Branch	1977	
	Los Angeles, CA	Agency	1980	

*City is in the bank's "home state." This designation was required by the International Banking Act of 1978.
**Affiliated bank.
***Licensed as an agency but considered a branch by the Federal Reserve Board.
****Formerly the First Pacific Bank of Chicago, but downgraded from a commercial bank subsidiary to a branch after Dai-Ichi Kangyo selected California as its home state.

Source: Annual reports.

Table 2: Profile of Japanese Banking Activity in the United States

(in billions of dollars)

	Assets	Deposits	Business Loans
Japanese Banks in the United States			
June 1983	$118.2	$57.3	$29.3
June 1982	100.5	44.1	28.0
June 1981	83.8	30.0	24.1
All Foreign Banks in the United States			
June 1983	324.4	179.0	86.2
June 1982	287.8	148.6	84.0
June 1981	263.7	126.0	70.0
All Banks in the United States			
June 1983	2,003.2	1,443.8	395.9
June 1982	1,854.7	1,325.8	386.7
June 1981	1,736.9	1,235.5	345.5
Ratio of Japanese Banks to All Foreign Banks			
June 1983	36.4%	32.0%	34.0%
June 1982	34.9	29.7	33.3
June 1981	31.8	23.8	34.4
Ratio of All Foreign Banks to All U.S. Banks			
June 1983	16.2	12.4	21.8
June 1982	15.5	11.2	21.7
June 1981	15.2	10.2	20.3
Ratio of Japanese Banks to All U.S. Banks			
June 1983	5.9	4.0	7.4
June 1982	5.4	3.3	7.2
June 1981	4.8	2.4	7.0

Source: American Banker. Reprinted with the permission of the American Banker. Copyright American Banker, February 17, 1983; and February 23, 1984.

Table 3A: Assets of U.S. Offices of Japanese Banks*

(in millions of dollars)

	June 1980	June 1981	June 1982	June 1983
1. Bank of Tokyo, Ltd.	n.a.	$18,072.0	$18,514.6	$20,102.4
Bank of Tokyo Trust Co.	n.a.	3,939.9	4,060.3	4,517.0
California First Bank	n.a.	3,751.3	3,798.4	4,158.9
Tokyo Bancorp International (Houston) Inc.	n.a.	7.8	6.5	5.9
Bank of Tokyo International, U.S.A.	--	--	--	6.3
Branches and Agencies	$8,718.8	10,373.0	10,649.4	11,414.3
2. Fuji Bank, Ltd.	n.a.	6,920.1	9,303.9	10,877.9
Fuji Bank & Trust Co.	n.a.	1,313.9	1,605.0	1,818.3
Fuji Bank International, Inc.	--	--	--	14.5
Branches and Agencies	4,398.8	5,606.2	7,698.9	9,045.1
3. Mitsubishi Bank, Ltd.	n.a.	7,894.1	9,854.4	10,335.9
Mitsubishi Bank of California	n.a.	483.1	478.2	564.4
Branches and Agencies	4,302.7	7,411.0	9,376.2	9,771.5
4. Sanwa Bank, Ltd.	n.a.	5,298.3	5,871.2	10,161.7
Golden State Sanwa Bank	n.a.	766.4	874.8	1,193.6
Branches and Agencies	2,488.5	4,531.9	4,996.4	8,968.1
5. Dai-Ichi Kangyo Bank, Ltd.	3,523.5	5,238.6	7,755.9	8,610.1
Dai-Ichi Kangyo Bank of California	--	--	106.9	131.4
Branches and Agencies	3,523.5	5,238.6	7,649.0	8,478.7
6. Mitsui Bank, Ltd.	n.a.	4,720.6	5,353.4	6,905.1
Mitsui Manufacturers Bank	n.a.	1,309.9	1,556.2	1,696.9
Branches and Agencies	2,255.2	3,410.7	3,797.2	5,208.2
7. Sumitomo Bank, Ltd.	n.a.	5,741.1	5,859.5	6,504.8
Sumitomo Bank of California	n.a.	2,073.1	2,185.0	2,341.0
Branches and Agencies	4,599.3	3,688.0	3,674.5	4,163.8
8. Industrial Bank of Japan, Ltd.	n.a.	4,406.5	5,038.4	6,128.4
Industrial Bank of Japan Trust Co.	n.a.	1,027.3	1,361.1	1,431.8
Branches and Agencies	2,330.6	3,379.2	3,677.3	4,496.6
9. Mitsubishi Trust & Banking Corp.	767.9	1,197.9	2,220.3	4,978.0
10. Long-Term Credit Bank of Japan, Ltd.	1,781.4	2,835.5	3,706.7	4,204.3
11. Tokai Bank, Ltd.	n.a.	4,370.7	6,606.4	4,052.9
Tokai Bank of California	n.a.	159.2	377.6	410.9
Branches and Agencies	2,987.1	4,211.5	6,228.8	3,642.0
12. Mitsui Trust & Banking Co., Ltd.	1,254.7	2,141.1	2,335.4	3,678.1

	June 1980	June 1981	June 1982	June 1983
13. Daiwa Bank, Ltd.	n.a.	$2,201.6	$3,110.7	$3,467.9
Daiwa Bank Trust Co.	n.a.	864.6	1,123.1	976.6
Branches and Agencies	$1,045.9	1,337.0	1,987.6	2,491.3
14. Saitama Bank, Ltd.	500.6	1,082.5	1,622.2	2,722.9
15. Taiyo Kobe Bank, Ltd.	2,247.3	2,663.8	2,886.9	2,609.9
16. Yasuda Trust & Banking Co., Ltd.	781.1	1,050.2	1,711.7	2,290.5
17. Nippon Credit Bank, Ltd.	912.2	1,540.0	1,874.2	2,278.6
18. Hokkaido Takushoku Bank, Ltd.	1,006.2	1,618.5	1,218.0	1,784.8
19. Sumitomo Trust & Banking Co., Ltd.	620.9	1,495.5	1,629.5	1,625.6
20. Toyo Trust & Banking Co., Ltd.	487.8	973.0	1,087.6	1,577.6
21. Kyowa Bank, Ltd.	n.a.	1,359.1	1,461.5	1,557.4
Kyowa Bank of California	n.a.	53.8	63.5	64.8
Branches and Agencies	719.9	1,305.3	1,398.0	1,492.6
22. Bank of Yokohama, Ltd.	320.7	622.9	759.0	871.4
23. Hokuriku Bank, Ltd.	--	67.9	287.6	456.3
24. Chuo Trust & Banking Co., Ltd.	189.1	237.1	337.1	416.6
Total	n.a.	83,748.6	100,466.1	118,199.1

Table 3B: Deposits of U.S. Offices of Japanese Banks*

(in millions of dollars)

	June 1980	June 1981	June 1982	June 1983
1. Bank of Tokyo, Ltd.	n.a.	$8,855.8	$9,664.6	$11,318.9
Bank of Tokyo Trust Co.	n.a.	3,254.5	3,297.0	3,840.8
California First Bank	n.a.	3,283.7	3,312.5	3,646.5
Tokyo Bancorp International (Houston) Inc.	n.a.	2.2	2.2	1.7
Bank of Tokyo International, U.S.A.	--	--	--	1.0
Branches and Agencies	$1,019.3	2,315.4	3,052.9	3,828.9
2. Dai-Ichi Kangyo Bank, Ltd.	1,029.9	1,577.4	3,924.9	4,818.7
Dai-Ichi Kangyo Bank of California	--	--	80.4	108.8
Branches and Agencies	1,029.9	1,577.4	3,844.5	4,709.9
3. Mitsubishi Bank, Ltd.	n.a.	2,565.2	3,770.8	4,525.9
Mitsubishi Bank of California	n.a.	431.8	404.8	503.8
Branches and Agencies	1,010.7	2,133.4	3,366.0	4,022.1
4. Sanwa Bank, Ltd.	n.a.	1,819.9	2,571.1	4,503.2
Golden State Sanwa Bank	n.a.	645.8	741.8	1,068.2
Branches and Agencies	847.8	1,174.1	1,829.3	3,435.0
5. Industrial Bank of Japan, Ltd.	n.a.	1,104.8	3,016.6	3,605.8
Industrial Bank of Japan Trust Co.	n.a.	878.1	1,112.9	1,272.4
Branches and Agencies	200.6	226.7	1,903.7	2,333.4
6. Sumitomo Bank, Ltd.	n.a.	3,239.1	2,878.0	3,400.8
Sumitomo Bank of California	n.a.	1,827.9	1,905.5	2,087.8
Branches and Agencies	1,172.7	1,411.2	972.5	1,313.0
7. Mitsui Bank, Ltd.	n.a.	1,952.3	2,383.4	3,011.7
Mitsui Manufacturers Bank	n.a.	1,325.3	1,364.3	1,495.8
Branches and Agencies	376.4	627.0	1,019.1	1,515.9
8. Mitsubishi Trust & Banking Corp.	385.9	323.5	557.1	2,724.3
9. Fuji Bank, Ltd.	n.a.	2,165.5	4,301.2	2,507.3
Fuji Bank & Trust Co.	n.a.	1,107.7	1,397.0	1,556.6
Fuji Bank International, Inc.	--	--	--	3.0
Branches and Agencies	286.8	1,057.8	2,904.2	947.7
10. Tokai Bank, Ltd.	n.a.	914.3	1,906.1	2,439.9
Tokai Bank of California	n.a.	139.5	315.7	374.3
Branches and Agencies	535.8	774.8	1,590.4	2,065.6
11. Daiwa Bank, Ltd.	n.a.	853.3	1,499.2	1,853.1
Daiwa Bank Trust Co.	n.a.	748.2	986.2	781.8
Branches and Agencies	90.1	105.1	512.9	1,071.3

	June 1980	June 1981	June 1982	June 1983
12. Saitama Bank, Ltd.	$87.0	$193.4	$765.1	$1,820.0
13. Mitsui Trust & Banking Co., Ltd.	478.4	984.1	1,288.9	1,644.4
14. Long-Term Credit Bank of Japan, Ltd.	672.5	1,249.8	1,310.9	1,475.4
15. Taiyo Kobe Bank, Ltd.	408.7	577.6	1,180.5	1,228.8
16. Nippon Credit Bank, Ltd.	272.2	379.1	792.8	1,188.1
17. Hokkaido Takushoku Bank, Ltd.	98.4	142.2	207.4	953.8
18. Sumitomo Trust & Banking Co., Ltd.	204.7	248.0	345.8	905.2
19. Toyo Trust & Banking Co., Ltd.	184.6	224.3	295.1	786.8
20. Yasuda Trust & Banking Co., Ltd.	230.4	235.5	151.1	775.1
21. Kyowa Bank, Ltd.	n.a.	149.0	541.5	713.6
Kyowa Bank of California	n.a.	43.5	51.7	53.0
Branches and Agencies	22.8	105.5	489.8	660.6
22. Bank of Yokohama, Ltd.	120.0	239.6	488.3	683.1
23. Hokuriku Bank, Ltd.	--	3.6	105.6	192.3
24. Chuo Trust & Banking Co., Ltd.	5.5	4.3	118.5	189.7
Total	n.a.	30,001.6	44,064.5	57,265.9

Table 3C: Business Loans Outstanding at U.S. Offices of Japanese Banks**

(in millions of dollars)

	June 1980	June 1981	June 1982	June 1983
1. Bank of Tokyo, Ltd.	n.a.	$4,275.5	$5,629.9	$5,805.7
Bank of Tokyo Trust Co.	n.a.	1,607.0	1,860.7	1,775.0
California First Bank	n.a.	850.6	1,172.4	1,386.3
Tokyo Bancorp International (Houston) Inc.	n.a.	2.1	4.1	2.9
Bank of Tokyo International, U.S.A.	--	--	--	0.9
Branches and Agencies	$1,980.6	1,815.8	2,592.7	2,640.6
2. Fuji Bank, Ltd.	n.a.	2,017.2	2,820.5	2,595.2
Fuji Bank and Trust Co.	n.a.	229.8	251.3	366.9
Fuji Bank International, Inc.	--	--	--	3.7
Branches and Agencies	1,759.5	1,787.4	2,569.2	2,224.6
3. Dai-Ichi Kangyo Bank, Ltd.	1,545.2	2,704.6	2,573.9	2,446.8
Dai-Ichi Kangyo Bank of California	--	--	54.6	58.2
Branches and Agencies	1,545.2	2,704.6	2,519.3	2,388.6
4. Mitsubishi Bank, Ltd.	n.a.	1,548.8	1,306.4	2,403.0
Mitsubishi Bank of California	n.a.	89.5	113.9	165.0
Branches and Agencies	1,161.5	1,459.3	1,192.5	2,238.0
5. Mitsui Bank, Ltd.	n.a.	2,336.1	2,425.5	2,401.6
Mitsui Manufacturers Bank	n.a.	489.0	504.0	554.5
Branches and Agencies	1,452.0	1,847.1	1,921.5	1,847.1
6. Sumitomo Bank, Ltd.	n.a.	1,823.0	1,988.3	2,016.7
Sumitomo Bank of California	n.a.	532.7	642.4	631.3
Branches and Agencies	1,315.9	1,290.3	1,345.9	1,385.4
7. Sanwa Bank, Ltd.	n.a.	1,322.8	1,482.7	1,873.0
Golden State Sanwa Bank	n.a.	229.4	242.1	262.8
Branches and Agencies	1,034.7	1,093.4	1,240.6	1,610.2
8. Industrial Bank of Japan, Ltd.	n.a.	1,314.0	1,687.3	1,715.9
Industrial Bank of Japan Trust Co.	n.a.	190.0	228.9	338.6
Branches and Agencies	771.3	1,124.0	1,458.4	1,377.3
9. Taiyo Kobe Bank, Ltd.	663.1	874.9	1,157.8	1,032.9
10. Long-Term Credit Bank of Japan, Ltd.	716.7	683.4	798.1	765.2
11. Daiwa Bank, Ltd.	n.a.	663.5	800.0	752.4
Daiwa Bank Trust Co.	n.a.	70.1	106.7	138.7
Branches and Agencies	631.6	593.4	693.3	613.7
12. Tokai Bank, Ltd.	n.a.	739.0	667.2	732.4
Tokai Bank of California	n.a.	43.4	95.6	111.6
Branches and Agencies	578.7	695.6	571.6	620.8

	June 1980	June 1981	June 1982	June 1983
13. Kyowa Bank, Ltd.	n.a.	$541.0	$623.0	$694.8
Kyowa Bank of California	n.a.	18.7	32.1	22.9
Branches and Agencies	$397.8	522.3	590.9	671.9
14. Sumitomo Trust & Banking Co., Ltd.	84.4	466.0	592.5	623.9
15. Nippon Credit Bank, Ltd.	252.5	405.0	600.3	623.8
16. Mitsubishi Trust & Banking Corp.	215.4	196.4	520.3	527.5
17. Yasuda Trust & Banking Co., Ltd.	374.3	403.0	429.5	513.8
18. Saitama Bank, Ltd.	298.3	324.1	374.3	346.7
19. Hokkaido Takushoku Bank, Ltd.	458.0	355.7	355.0	325.3
20. Bank of Yokohama, Ltd.	54.5	253.7	329.0	324.5
21. Mitsui Trust & Banking Co., Ltd.	271.7	446.8	325.0	244.0
22. Toyo Trust & Banking Co., Ltd.	177.6	200.8	224.6	210.8
23. Hokuriku Bank, Ltd.	--	45.9	143.4	182.6
24. Chuo Trust & Banking Co., Ltd.	92.8	117.1	194.8	179.5
Total	n.a.	24,058.3	28,049.3	29,338.0

*Average assets and deposits for June are used for branches, agencies and Edge Act corporation banks, while June 30 data are used for commercial banks.
**Data are for June 30.

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